BRITISH COLUMBIA
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BCStats

Infoline

Contact: bcstats.infoline@gov.bc.ca *Issue: 11-10* *March 11th, 2011*

- **Unemployment rate climbs to 8.8% in February**
- **Exports up 1.2% in January**
- **Housing starts off 2.8% in February**

Labour Force Survey

- **British Columbia's unemployment rate edged up again in February, climbing to 8.8% (*+0.6 percentage points, seasonally adjusted*).** The latest increase was caused by an addition of 26,200 (+1.1%) persons to the labour force.

  BC's unemployment rate remains among the highest in Western Canada; the BC rate was a full percentage point above the national average (7.8%) last month. Rates in Manitoba (5.3%), Saskatchewan and Alberta (each 5.7%) sat notably lower than that of BC.

  Data Source: Statistics Canada

- **Employment in the province's service sector was slightly weaker in February (-0.3%, *seasonally adjusted*).** The number of jobs in wholesale & retail trade dropped most notably (-2.8%), but employment was also down in several other industries. On the other hand, job gains were seen in some sectors, primarily among providers of professional, scientific & technical services (+5.6%) and public administration (+3.3%).

  The province's goods-producing industries, which have seen employment grow by 2.9% (or 12,600 jobs) in the past twelve months, continued to fare well in February (+3.6%). Declines in one of the biggest industries (manufacturing, at -0.7%) did not manage to outweigh surges in construction (+8.2%) and the always-volatile utilities industry (+18.6%).

  Data Source: Statistics Canada

- **Uncertain labour market conditions continued to have varying effects on regional unemployment rates, which ranged from a low of 7.5% (*three-month moving average, unadjusted*) in the Cariboo to 9.3% in Thompson/Okanagan.** *Data Source: Statistics Canada*

- **In February, the labour force participation rate of the off-reserve Aboriginal population aged 25 to 54 was 73.8% (*three-month moving average, unadjusted*), compared with 85.0% for their non-Aboriginal counterparts (a difference of 11.2 percentage points).** This gap has widened considerably since February 2009, when participation rates for Aboriginal and non-Aboriginal populations aged 25 to 54 were 77.3% and 84.9%, respectively.

  Data Source: Statistics Canada

The Economy

- **BC product exports continued to climb (+1.2% *seasonally adjusted*) in January, albeit at a slower pace than in December (+8.2%).** The value of industrial & consumer products shipped from the province soared (+13.2%), offsetting declines in all other major commodity groups.

  Exports to the US were up 5.0%, as shipments of industrial & consumer (+17.7%) and energy (+15.5%) products south of the border saw double-digit increases. Together, these accounted for close to half (44%) of total US-bound exports. Conversely, overseas markets (-1.4%) started the year on a low note, dragged down by lower shipments of most commodities.

  Canadian exports advanced 0.8% in January, as shipments to the US (+3.3%) and Japan

Report

Year in Review: A Change in Direction for BC's Exports

Did you know...

Canadians spend an average of 44 hours online per month, nearly ten hours more than our American counterparts (35). *Source: comScore digital marketing*

(+7.8%) climbed. The overall strength was dampened by a slowdown in exports to the European Union (-4.1%).

Data Source: Statistics Canada & BC Stats

- **The value of building permits issued by BC municipalities fell (-4.5% *seasonally adjusted*) in January, following a similar decline in December (-5.8%).** The value of residential permits jumped 20.7%, but was offset by a sharp drop-off in the non-residential sector (-48.4%). Industrial (-26.8%), commercial (-38.0%) and institutional (-73.0%) permits all recorded double-digit declines.

  The value of permits eased substantially in Victoria (-41.8%), Kelowna (-51.0%) and Abbotsford-Mission (-88.8%), but was up notably in Vancouver (+15.8%), where most building activity occurs.

  Nationally, permits fell 5.1% in January, with Alberta (-23.2%) and Ontario (-14.6%) contributing most substantially to the decline. However, the drop was somewhat tempered by strength in Quebec (+32.2%) and parts of Atlantic Canada. *Data Source: Statistics Canada*

- **Compared to the same month last year, the value of building permits issued by BC municipalities slipped 9.5% (*unadjusted*) in January, with decreased activity in four regions.** Nechako (-88.6%) posted the most substantial decline, but overall permits were also pulled down by drops in Vancouver Island/Coast (-45.9%), Kootenay (-18.2%) and Thompson/Okanagan (-15.9%). On the plus side, the biggest surge was in North Coast (+815.7%) where permits climbed to $3.4 million, up from $370 thousand in January 2010. The jump was largely due to planned spending on commercial buildings. Permits in Cariboo (+54.8%), Northeast (+18.1%) and Mainland/Southwest (+3.0%) were also higher.

  Data Source: Statistics Canada & BC Stats

- **Housing starts in the province fell 2.8% (*seasonally* adjusted) in February, following a similar decline at the beginning of the year.** Nationally, starts climbed (+6.6%), as hefty boosts in Saskatchewan (+41.9%), Ontario (+27.8%), Manitoba (+20.5%) and Alberta (+11.7%) offset weakness in building activity in the rest of the country. *Data Source: CMHC*

- **New housing prices continued to rise in BC's largest metropolitan city in January.** Vancouver's New Housing Price Index was slightly higher (+0.2%) compared to the same month of last year as increasing housing costs (+1.3%) managed to offset a nearly identical decline in land prices (-1.3%). Meanwhile, decreases in both building (-0.2%) and land (-1.8%) prices in Victoria pushed overall prices down 1.0%.

  Nationally, new housing prices were up 1.9% reflecting strong growth in Newfoundland, Saskatchewan and Manitoba. Most metropolitan areas experienced higher prices in January, with St. John's (+6.2%), Regina (+6.0%) and Winnipeg (+5.9%) leading the pack.

  Data Source: Statistics Canada

Aboriginal Victimization

- **Aboriginal people are more likely than non-Aboriginal people to be victims of violence.** In 2009, approximately 12% of Aboriginal people over the age of 15 living in the provinces reported that they had been a victim of violent crime (including sexual assault, robbery or physical assault). This was more than double the proportion of non-Aboriginal people (5%) reporting such crimes. Of the three violent crimes examined in the 2009 General Social Survey (GSS) on Victimization, physical assaults were most commonly reported by Aboriginal people. They were about three times as likely as non-Aboriginal people to report being sexually assaulted, and close to twice as likely to report that they had been physically assaulted. Aboriginal people were also nearly twice as likely as non-Aboriginal people to report being a victim of spousal violence in 2009.

  Data Source: S.C. Cat. #85-002-XIE

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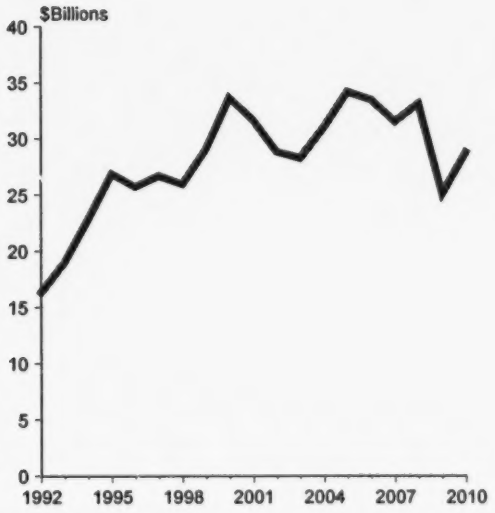
Year in Review: A Change in Direction for BC's Exports

British Columbia's goods exports climbed 14.6% in 2010, recovering some of the ground lost in 2009 when the value of the province's exports slumped 24.2% as a result of the economic downturn.

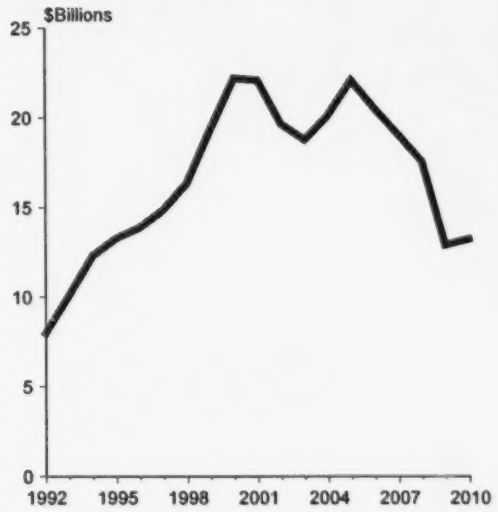
In 2010, BC's exports experienced a partial rebound from the sharp decline in 2009



Source: Statistics Canada

The turnaround in 2010 was achieved despite a rather lacklustre performance with respect to exports to the United States, BC's largest trading partner. Shipments of BC goods to the US edged up only 2.6% to $13.2 billion, which, excluding 2009 when exports were valued at $12.9 billion, was the lowest value of goods exported to the US since 1994. Before the modest uptick in 2010, BC's shipments of goods to the US had experienced declines for four consecutive years. In fact from 2005 to 2009, the value of BC's commodity shipments to the United States plunged 41.6%.

In 2010, BC's exports to the United States experienced very little recovery from the declines seen in the four previous years



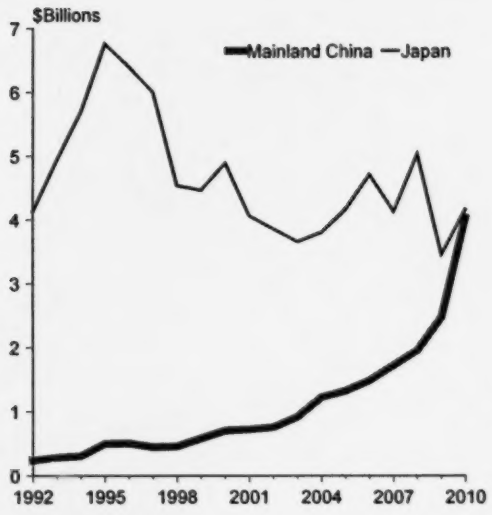
Source: Statistics Canada

The reason that BC's overall export picture has not been as bleak as that for shipments to the US market is that there has been some diversification with respect to the destination of BC origin exports. In fact, the United States has reduced its share of BC's exports from almost 70% in 2001 to just 46% in 2010. Most of that market share was taken up by countries of the Pacific Rim, particularly Mainland China. The share of BC's exports shipped to China increased seven-fold in the last decade, from just over 2% in 2001 to 14% in 2010.

China's emergence as an economic power and the growth of its manufacturing sector has made it a perfect fit as a customer for goods from BC's resource sectors. In 2010, Mainland China ranked third behind only the United States and Japan as a destination for BC goods exports. However, if Hong Kong is included, China actually surpassed

Japan to become the second largest destination for goods produced in BC.

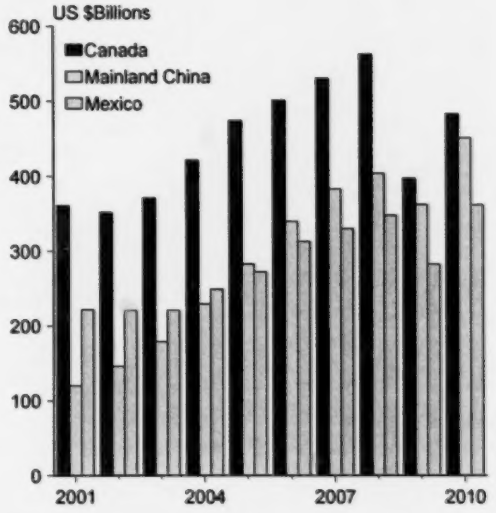
Mainland China has become as important a market for BC's exports as Japan



Source: Statistics Canada

China's phenomenal economic growth has had an impact on the economies of countries around the world, not just that of British Columbia. In the last few years, China surpassed Canada as the leading source for imported goods into the United States; however, Canada remains the top destination for American goods exports. In terms of two-way trade, Canada kept its position as the top trading partner for the United States in 2010, but Mainland China has gained significant ground in the last several years and now ranks a close second. The US has a substantial trade deficit with China, as around four-fifths of goods trade with China in 2010 was in the form of imports into the United States. The US also has a trade deficit with Canada, but to nowhere near the same degree.

Canada is still the United States' top trade partner in terms of two-way trade, but China is now a very close second



Source: US Bureau of the Census

China's influence on British Columbia's economy is undeniable, as the province's exports to Mainland China have seen double-digit growth in each of the last five years, including a substantial 63.0% jump in 2010.

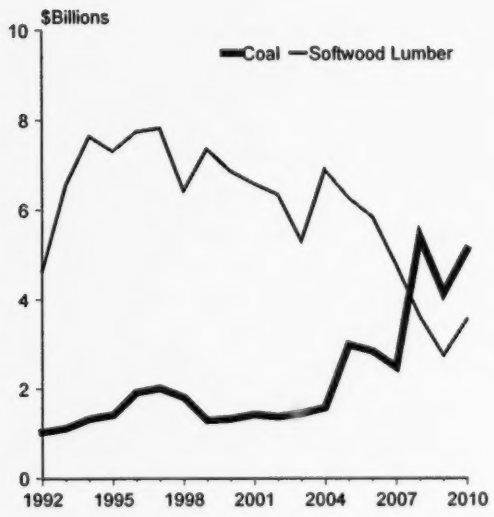
The growth has largely been spread among a select few commodity groups – mainly resource-based goods intended as inputs into China's massive manufacturing sector. Pulp tops the list, with $1.3 billion worth of shipments from BC to Mainland China in 2010, an increase of 65.3% from a year earlier.

Coal has been another major commodity shipment to China. In 2010, $804 million worth of coal was exported from BC to Mainland China, up 43.5% from 2009. Another mineral product that has experienced strong export growth to China is copper ores and concentrates. BC exported almost $410 million worth of this commodity to Mainland China in 2010, a 37.5% jump from the previous year.

China has also provided a new market for BC's softwood lumber. BC shipped $668 million worth of lumber to China in 2010, more than double the value shipped a year earlier. The growing Chinese market helped push BC's overall softwood lumber exports up 29.4% in 2010.

Nevertheless, the partial recovery of the lumber sector was not enough to reclaim its position as BC's top good export. In the last three years, coal has ranked first in terms of goods exported from the province. In 2010, over $5.1 billion of coal was shipped from BC to destinations around the world, comprising almost 18% of the total value of commodity exports from the province.

Coal has overtaken softwood lumber as BC's largest export

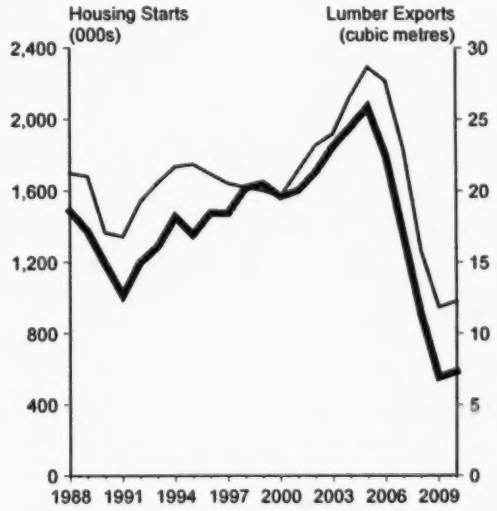


Source: Statistics Canada

While coal exports have experienced phenomenal growth in the last decade, BC's softwood lumber shipments have gone in the opposite direction, bottoming out at $2.7 billion in 2009, down from a peak of $7.8 billion in 1997. Aided by new markets in China and some recovery in shipments to the US and Japan, softwood lumber exports climbed to $3.6 billion in 2010. However, that was still the second lowest value recorded in almost 25 years.

The downfall of the lumber sector has been directly related to economic conditions in the United States and, in particular, to the US housing market. There has been a very close relationship between housing starts in the United States and volumes of lumber exported from BC to that country.

BC's softwood lumber exports to the US track closely with US housing starts

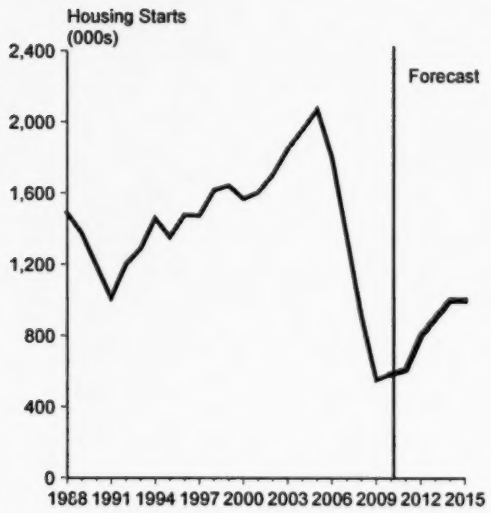


Source: Statistics Canada and US Bureau of the Census

The US has long been the primary market for lumber produced in BC, with value of lumber exports to the US peaking at $5.2 billion in 1999. Japan was once a major market for BC's lumber as well, with exports of softwood lumber to that country peaking at just over $2.5 billion in 1995. However, the economic problems that hit Japan in the early to mid-1990s and continued for a decade reduced demand for all BC goods exports,

including softwood lumber. Lumber shipments from BC to Japan have been trending downward since, slumping to a low of $532 million in 2009, before bouncing back slightly to $648 million in 2010. The strong growth in shipments to Mainland China pushed the value of BC's softwood lumber exports to that country up to $668 million in 2010, pushing China ahead of Japan to rank second as a destination for BC's lumber.

The outlook for housing starts in the US is to remain well below historical levels in the short term



Source: US Bureau of the Census and BC Ministry of Finance

While the emergence of China as a market for BC's lumber is a positive development, there are still many challenges for BC's lumber industry to overcome. The United States remains BC's largest market for lumber products and the outlook for the next few years remains somewhat bleak. According to the BC government's budget forecast released in February, the outlook for US housing starts is a slow ramp up over the next few years; however, they are expected to remain well below historical levels. Based on this forecast and given the symbiotic relationship between housing starts and softwood lumber exports, it seems unlikely that BC will see much of a rebound in the US market for at least a few years.

It is possible that China will continue to grow as a destination for BC lumber, which could offset some of the loss of market in the United States, but there are challenges there as well. Specifically, competition from countries such as Russia could cut into BC's share of the Chinese market. Russia has imposed a prohibitive tax on exports of raw logs in an effort to develop its own lumber manufacturing industry and given its closer proximity to China and the abundance of virgin forest in Russia, it may be difficult for BC producers to compete on price with Russian lumber manufacturers once they begin to produce a quality product in sufficient volumes. The main advantage for lumber producers in BC is that they are getting into the game early and may be able to develop relationships with customers in China that will last based on their reputations as reliable suppliers.

Elsewhere in the forest sector, BC's pulp exports experienced a strong rebound in 2010, climbing 43.0% from a more than 20 year low recorded in 2009. Other resource sectors also saw strong growth in exports in 2010, such as metallic mineral products, which posted a 26.7% increase in shipments. Once again, China played a significant role in the expansion of exports of these goods. The boost in demand from China and other Pacific Rim countries for BC's goods helped increase BC's exports despite the challenge of a Canadian dollar at par with its American counterpart.

The high Canadian dollar has been particularly difficult for Canada's manufacturing sector and BC's manufacturers have not been an exception. There has been a definite shift towards resource-based goods and away from manufactured prod

ucts in BC's export picture as a result of the high dollar. Nevertheless, BC's machinery and equipment exports managed to climb 5.1% in 2010, clawing back some of the ground lost in 2009. However, other manufactured goods, such as chemicals and chemical products (-6.9%) and plastics and articles of plastic (-2.3%) did not fare so well. In addition to manufactured goods, the high dollar will continue to be a challenge for exporters of services, such as the tourism sector and the film and television production industry.

The economic downturn played havoc with BC's exports, but BC's export picture turned the corner in 2010, making a start on the road to recovery. Mainland China continued to emerge as a major trading partner for BC and has helped further diversify BC's export markets. The influence of a strong Canadian dollar and a slow recovery in the United States has had an impact on American demand for goods from BC, as reflected in the fact that less than half the value of BC's exports was shipped to the US in 2010. If these trends continue, they could signal a significant change in direction for BC's exports.

Infoline

March 11, 2011
Issue 11–10

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also on the Internet at www.bcstats.gov.bc.ca or choose RSS

BC at a glance . . .

POPULATION (thousands)	Oct 1/2010	% change on one year ago
BC	4,551.9	1.5
Canada	34,238.0	1.2
GDP and INCOME (Released Nov 4)		
(BC - at market prices)	2009	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	191,006	-3.4
GDP *($ 2002 millions)*	161,851	-1.8
GDP *($ 2002 per Capita) (reflects revised pop)*	36,287	-3.5
Personal Disposable Income *($ 2002 per Capita)*	25,374	-1.9
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Dec 2010	3,068	0.3
Merchandise Exports - Jan 2011	2,676	1.2
Retail Sales - Dec 2010	4,808	-2.2
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Jan 2011)	one year ago	% change
BC	2.3	1.5
Vancouver	2.4	1.9
Victoria	2.2	1.2
Canada	2.3	1.8
LABOUR FORCE (thousands)		
(seasonally adjusted)	Feb 2011	% change on prev. month
Jobs Created (-Lost) - BC	8.9	
Labour Force - BC	2,478.2	1.1
Employed - BC	2,260.5	0.4
Unemployed - BC	217.6	8.6
		Jan 2011
Unemployment Rate - BC *(percent)*	8.8	8.2
Unemployment Rate - Canada *(percent)*	7.8	7.8
INTEREST RATES (percent)	Mar 9/2011	Mar 10/2010
Prime Business Rate	3.00	2.25
Conventional Mortgages - 1 year	3.50	3.60
- 5 year	5.44	5.39
US-CANADA EXCHANGE RATE	Mar 9/2011	Mar 10/2010
(avg. noon spot rate) Cdn $ per US $	0.9686	1.0243
(closing rate) US $ per Cdn $	1.0323	0.9748
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Feb 2011	% change on one year ago
BC	828.91	2.0
Canada	832.58	2.3

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

BC Post-Secondary Student Outcomes - Trends in Employment

Every year, respondents to the Diploma, Associate Degree, and Certificate Student Outcomes (DACSO) Survey are asked a series of questions about their current employment. This paper looks at trends in employment characteristics between 1999 and 2009. The analysis uses data from approximately 6,100 to 8,200 employed former students from Applied programs per year and 750 to 1,600 employed former Arts and Sciences students per year. For more information on BC Student Outcomes, visit BC Student Outcomes

http://outcomes.bcstats.gov.bc.ca/Libraries/DACSO_Papers/Trends_in_Employment_pdf.pdf

BC Post-Secondary Student Outcomes – Without a Trace

The report, Without a Trace - An Examination of Former Post-Secondary Students Who Left the System Without a Credential and Did Not Return, is based on 5,036 completions of the Short Stay Early Leaver Student Outcomes Survey, conducted over the summer of 2009. Respondents from 24 B.C. public post-secondary institutions - research universities, teaching universities, colleges, and institutes - participated in the project. For more information on BC Student Outcomes, visit BC Student Outcomes

http://outcomes.bcstats.gov.bc.ca/Libraries/SSELSO/SSEL_report_Final_pdf.pdf

Sub-Provincial Population Estimates

2010 estimates of population for municipalities, regional districts and development regions are now available. Estimates for 2006 to 2009 have also been revised.

www.bcstats.gov.bc.ca/data/pop/pop/mun/CurrentPopulationEstimates.pdf

Released this week by BC Stats

- Exports, January 2011
- Labour Force Statistics, February 2011
- Earnings & Employment Trends, February 2011

Next week

- Quarterly Regional Statistics, 4th Quarter 2010
- Consumer Price Index, February 2011

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